	Combe	e v. Wolff———
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1	UNITED STATES DISTRICT COURT	
2		DISTRICT OF VIRGINIA PRIA DIVISION
3		x
4	COMBE INCORPORATED,	: Civil Action No.
5	versus	: 1:17-CV-935 :
6	DR. AUGUST WOLFF GMBH	: :
7	& CO. KG ARZNEIMITTEL,	: December 7, 2018
8		. : Volume III of III
9		OF BENCH TRIAL ABLE T.S. ELLIS, III
10		ES DISTRICT JUDGE
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PROCEEDINGS

2 (Court proceedings commenced at 2:39 p.m.)

THE DEPUTY CLERK: Combe Incorporated versus Dr.

August Wolff GmbH & Co KG Arzneimittel. Civil Case No.

5 1:17-CV-935.

THE COURT: All right. The record will reflect that the parties and counsel are present and prepared to proceed, or at least parties' counsel are present and prepared to proceed.

This is a bench trial, the evidence of which has been taken, and we are now at the point of closing argument.

And be seated, please. And I've told you that I'll give you each 30 minutes. You may choose what you want to say during the 30 minutes. Obviously, a good bit of the testimony is focussed on the fame and confusion surveys by the plaintiff's proposed -- or plaintiff's expert and the defendant's criticism, both by defendant's expert, and also by defense counsel who made criticisms of the surveys different from and in addition to those offered by the -- their expert.

So you may choose what you want to say, but there are two minor matters I want to clarify first:

I told the -- or I excluded from the evidence a demonstrative that the defendants offered that I think was a map or some kind of -- maybe it had the p-u-r or p-o-r's on it. I need to have the exhibit number for that.

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 1
                         It's 185, Your Honor.
              MR. PANKO:
 2
              THE COURT: 185.
                                Thank you. Now, I also told the
 3
    defendant that the defendant could submit an affidavit by the
 4
    defense expert, which countered or would seek to counter a
 5
    demonstrative or an exhibit that the plaintiff introduced
    through its expert in which, essentially, what the plaintiff's
 6
 7
    expert said is, well, look even if I do what you say, even if
    I accept what you say, there's still a number high enough to
 8
9
    show confusion.
10
              Am I correct about that?
11
              MS. NAYDONOV: Yes, Your Honor.
12
              THE COURT: All right. What exhibit number was
13
    that?
14
              MS. NAYDONOV: We filed it this morning. I think it
15
    was -- one moment, Your Honor.
16
              THE COURT: All right.
              MS. NAYDONOV: Those were 1666, 1667, and 1668.
17
18
              THE COURT: Now, you agree with that?
19
              MR. PANKO: Yes, Your Honor.
20
              THE COURT: All right. Now, I told the defendant
21
    that the defendant could file an affidavit rebutting that. I
22
    think I limited it to two pages. Let me change that. I'll
23
    limit it to three pages, because looking at that, there's
24
    enough information on there that that might be necessary.
25
              If you want to exceed three pages, you can do that,
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-Combe v. Wolff-425 1 but file a motion and tell me why it was necessary. But don't 2 do that unless you really, really have to. And that, of 3 course, will be an affidavit by your experts saying why Poret -- is that his name? 4 5 MR. RETTEW: Yes. 6 THE COURT: Poret, Mr. Poret was wrong -- or is 7 wrong in his response. Now, I think that's all that I left 8 open. Am I correct or was there something else? 9 MS. NAYDONOV: Yes, Your Honor. You also allowed us to file a counter affidavit two days after their deadline. 10 11 THE COURT: Oh, all right. 12 MS. NAYDONOV: Remember --13 THE COURT: Yes, I did. All right. I think that 14 takes care of all evidentiary matters that haven't been 15 resolved. I mean, there's a major issue that I have to 16 resolve in the course of deciding this case, and that is the 17 relevance of evidence from other countries, specifically 18 Europe, where it is the defendant's position that the 19 plaintiff, Combe, has had its mark, Vagisil, coexist without 20 objection or confusion in England or UK and Poland and maybe 21 that's all, I don't know. 22 And you -- the plaintiff says that's irrelevant 23 under settled law and the defendant claims otherwise. I 24 admitted all of the evidence relating to that, and in my 25 decision, I will address the evidence, address its

-Combe v. Wolff-426 1 significance and its admissibility. 2 Now, that takes care of everything, does it not? 3 MR. PANKO: Yes, Your Honor. 4 MS. NAYDONOV: Yes, Your Honor. 5 THE COURT: Does it eliminate the need for your 6 closing arguments? 7 MR. RETTEW: No, Your Honor. 8 MR. PANKO: No, Your Honor. 9 THE COURT: Well, it was worth a try. All right. Let's begin with the plaintiff. 10 11 CLOSING STATEMENT 12 MR. RETTEW: All right. Thank you, Your Honor, and 13 thank you for the Court's time in this matter. 14 As I mentioned in our opening, this case is about 15 one thing and one thing only, and that is Wolff's block letter 16 trademark application for the made-up word "Vagisan." It's not about the prefix "Vagi." It's not be the word "vagina" 17 18 for women's intimate body parts. It's about this trademark 19 application. And because this is a 1071 case, this Court's 20 precedence in supreme -- in Seacret Spa applies. 21 And this Court said in the registration context, 22 it's not the actual uses of a mark in the marketplace, but 23 uses listed in the application that are critical. Court went 24 on to say, "For purposes of registration, it's the mark as 25 shown in the application and used on the goods described in

the application which must be considered, not the mark as actually used."

Now, Wolff says that this Court and Judge Cacheris got it wrong. He did not. He relied upon the Supreme Court precedent in B & B Hardware, and he understood and actually cited the Swatch decision. And this court understood that there's a difference between an infringement claim and a pure registrability determination. And it is a very significant difference that boils down to this:

If a registrant gets a standard character mark without a claim to any font, style, size or color, as we have here, the registrant is entitled to depictions of the standard character mark regardless of the font, size, style or color.

And so what does that mean here? What it means is all that's at issue is what's shown on the left of the screen, the Vagisan trademark application. Now, if they register this, they get rights in every possible permutation and form of that mark.

Now, that could include the packaging shown on the right, which is their foreign packaging, but it also could include something like this, which looks awfully similar to the real Vagisil. It could include something like this, which looks very similar to that. They could get a version that looks like this, which looks very similar to the real Vagisil.

So what they're trying to apply for, what they're

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trying to get is much broader than their actual foreign uses, which as we've shown or now have argued, is irrelevant. So when we look at this, under this proper lens, we apply it to the likelihood of confusion factors in the Fourth Circuit.

And when we apply these facts and likelihood of confusion

6 factors, confusion is not only likely, it is truly inevitable.

And so I'd like to go through the different factors that the Court is going to look at. First, we have the distinctiveness of the senior mark. Now, Combe has a number of trademark registrations for its Vagisil trademark, and that gives us the presumption of validity. It also gives us another very important presumption, and that is the patent and trademark office never required a disclaimer or secondary meaning for the Vagisil mark.

So, therefore, under Fourth Circuit precedence, under the *Pizzeria Uno* case, it is presumed to be suggestive and protectable and entitled to a strong scope of protection. It is also a made-up word. You heard Ms. Thevessen, you heard our witness talk about the fact that Vagisil is a made-up word. It doesn't mean anything. And Ms. Thevessen from Wolff testified that there's no competitive need to use a trademark that has Vagi at the beginning.

She noted and acknowledged that there are competitive products in the United States that don't use Vagi up front. And, in fact, when they were considering what to

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name their product, they looked at ten other names that did not have Vagi in it. They had Gynoflor, they Saniflor, they had Sanolakt, and so therefore, it is an inherently distinctive mark. It is also strong in the marketplace, and we've submitted substantial evidence of marketplace strength.

Now, Wolff says that marketplace strength is subservient to inherent distinctiveness, to inherent strength, and we disagree. There's precedent, it's Your Honor's case, the Renaissance Greeting Card case where you said of the two considerations, commercial strength is more important, and you gave several examples: American Airlines, PayLess drugstores, Kentucky Fried Chicken.

Those are marks which were inherently weak, but became very strong through marketplace use, and so therefore, conceptual strength controls, and here we have massive evidence of conceptual strength. Vagisil started in 1973. The Vietnam war was winding down, American Graffiti and Exorcist had just hit the movie theatres, and over the next 45 years, the sales have been massive. Since 1991, there's been over \$1 billion of sales of Vagisil.

The marketplace share that Vagisil has in numerous product categories trumps many others. And this evidence that we've submitted in this case was not before the Trademark Trial and Appeal Board. Now, the board criticized Combe for not putting its evidence of sales and recognition into a

marketplace context. We've done that here and it's fairly substantial.

There's also the advertising. Combe has spent \$350 million in advertising just from 1993, plus 75 million since 2008 on virtually every form of advertising you could have. There is television commercials in national broadcast stations. We have print publications and significant ones. TV Guide, People, Cosmopolitan, Better Homes and Gardens.

There's radio ads that have flooded the marketplace for Vagisil. There are other forms of advertising, online, social media, coupons, displays. And as a result of all of Combe's efforts and success, Vagisil has done what other brands hope and dream to do. It's become a part of our cultural icon, of our cultural discussion.

It gets attention in advertising age, New York

Times, Washington Post. It even has -- it's even mentioned in

very popular national TV shows, Big Bang Theory, South Park.

There was a Saturday Night Live skit which was devoted just to

Vagisil, and we heard from Combe's witness that in the course

of that skit, it was mentioned numerous times, over and over.

So with all of this, we don't need to do more to prove fame, but we did --

THE COURT: I'm not sure I'd be proud of the fact that I was mentioned or that anything I cared about was mentioned on Saturday Night Live. Proceed.

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MR. PANKO: Sometimes mockery is the best flattery.

But for a brand, Your Honor, that's recognition and that shows that it's something that is engrained in our -- engrained in popular culture.

But with all of that, with all of that recognition, with all of that strong evidence, we did one step further and we went and did a survey. And you heard from Mr. Hal Poret who Your Honor had credited in the Valador v. HTC case. And he tested fame in two ways: First, unaided brand awareness and he got a whopping 38.8 percent, and this is very, very significant because people thought of this on their own. They brought this up without — they mentioned Vagisil without being prompted in any way.

And Your Honor asked me during trial, how do we measure fame? How can we -- you know, what's the yardstick for fame. And my answer was: Well, we look to the case law and what other courts have said based upon similar evidence. And I think one great case is Your Honor's decision in Ringling Brothers. And in Ringling Brothers, there was 41 percent recognition for The Greatest Show on Earth.

Now, there, the expert, Michael Rapaport, had given people a cue card and it said, The Greatest, blank, on Earth, and they were to fill in whatever they thought it was.

41 percent said, "Greatest Show on Earth." Now, that is -- and rightfully, that was a measure of fame. But that was a

measure of fame where they were prompted. They were given some words and they filled in the blank.

Here, we have almost that same level of fame without any prompting. People thought of Vagisil when simply asked:
"Name as many vaginal care products as you can." So that's a substantial number, and even Dr. Simonson had to admit that this is an impressive number.

If that weren't enough, we went ahead and did an aided awareness survey, and there the number shot up to 90 percent. And this is significant because this is not just women, this is men and women. This is people who use the product and people who don't use the product. So these numbers are impressive on their own right. But the fact that it's the general consuming public is even more impressive.

Now, for its part, Wolff did not run a survey. They could have conducted a survey. They tried this case through the end, but they did not run any surveys. So what are they left to do? They are left to criticize the survey. First, they criticize this by saying Vagizox is an unrealistic control, and there's a couple of problems with that. Wolff's very own witness admitted that Vagizox could be a plausible brand name.

Now, Wolff said, okay, well, she's not a survey expert. But she's even better than a survey expert because she's somebody who manages these products on a global basis.

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She knows the market, she knows competitors, and for her to say that Vagizox is a plausible brand name shows that this is absolutely a perfect control.

Now, another way we know that this was a good control is by the numbers. The numbers don't lie here.

Vagizox got 5.3 percent. And Mr. Poret testified that when you have a made-up unknown brand name, that that's pretty consistent with what you get to measure demand effects in this sort of survey.

Now, we know the demand effects didn't control the survey as Dr. Simonson says because there's a nice spread here. We've got 90 percent from Vagisil, but we also have Vagi-Gard with 18 percent and we've got SweetSpot with 5 percent and Luvena with 12 percent. If there were truly demand effects here, everything would be clumped up and the numbers would be very high. But this spread shows two things. It shows that there were no demand effects that were not controlled for and that this rightfully mirrors the marketplace realities.

More than that, Your Honor, Wolff's own expert, four times in his testimony, agreed that Vagisil is a well-known mark. He said, I think it is well-known, however you define it. He said, I think it is well-known relative to the other brands in this category. Vagisil, he said, is well-known in this category again. When talking about another mark, he

said, it's not as well-known for this specific category as Vagisil.

So Wolff, therefore, with no survey, tries to build its case on third parties. And you will see from the declaration that was submitted, which we stipulated to, Wolff had a paralegal go out to try to find as many third-party uses as he could for the -- for a period of two months. He spent two months looking for third-party uses, and this is the best he could do.

Now, this is not our demonstrative, Your Honor.

This is Wolff's demonstrative. But when you think of the vast universe, that is the internet, with over 5 billion web pages, the fact that this is the best they could do shows one thing: That the marketplace is not flooded with Vagi marks as they say, and we know this also from the testimony.

You heard from Wolff's witness, Ms. Feldman, that she did not know virtually all of these marks, and even Wolff's witness testified that before this case, before 2016, she had never heard of these marks. And that's pretty significant, because they had been looking at the U.S. market since 2011, and they said that U.S. is a very serious important market that one must prepare for very well.

And despite preparing very well for years, they didn't know about any of these marks until their lawyer, at the Trademark Trial and Appeal board level, went out and did

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Google searches for it. Now, there's a reason she didn't hear about these names. They're very insignificant.

So let's go through some of them. You've got

Vagistat, which is irrelevant because it's now owned by Combe,

and was for a different type of product. Then we've got

Vagicaine, which is the store brands, and those are the ones

that are sold under CVS and Rite Aid and these -- and the

other well-known retail brands.

Now, what's interested is Dr. Simonson testified that the day before his deposition, he went into a store.

Now, this is Dr. Simonson, a marketing professor hired by Combe, goes to a store the day before his deposition to look at the shelves to see what he could find. And you heard him say that all he could remember on that shelf was Vagisil, Monistat, and a private label brand he can't remember.

And it proves the point that people think of these private label brands by CVS, Rite Aid or whatever the -- or Equate in the case of Walmart. Now, we know this also from our survey. If you look, Your Honor, you can see the -- on the unaided awareness survey, Equate was number 10 out of 25.

Now, what is Equate? Equate is the Walmart private label brand. Not one person said Vagicaine, not one, because they don't think of that as a stand-alone brand. So that is also irrelevant. Also, the sales of that, even though more than the other third parties, pales in comparison to Vagisil.

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1 So let's look at the others that Wolff was able to 2 find. You've got Vagi-Clear and Vagi-Soothe. Those are two 3 products over -- the evidence that you've received by stipulation shows \$12,000 in sales for these products over 4 several years. \$12,000 versus 1 billion for Vaqisil. 5 6 Vagical, \$813 over four years. VagiCare is a Canadian 7 probiotic product that we only know of one sale, and that's by Wolff's paralegal. Vagi-Cure, four years, only \$35,000 in 8 9 sale. VagiKool is an ice pack. It's an ice pack for womens' 10 intimate area, and we heard Dr. Wolff's, Ms. Thevessen, admit 11 that that's a noncompetitive product. 12 Now, she didn't want to admit that on the stand, but 13 it was only when faced with her prior testimony that she had 14 to admit that this, in fact, is not a competitive product. Then we have Vagi-Sitz, which is a bath. It's 15 actually a bathing product and we only know of one sale there, 16 17 it's Wolff's paralegal. Vagi-Sal -- I'm sorry, Vagi-Pal, we 18 only know of Wolff's one purchase. Vagifresh has had \$2,148 19 in sales since 2015. It's irrelevant. Vagitone, in 2018, had

20 \$346 in sales. Vagifirm is actually a tightening pill.

21 Again, Ms. Thevessen admitted that that's a noncompetitive

22 product, and we only know of one purchase, and that is from

23 Wolff's paralegal.

24

25

Now, in addition to being insignificant, none of these marks have the elements that are at issue in this case.

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None come as close to Vagisil as Vagisan. None have Vagi, plus "S," plus a vowel, plus a consonant. And if we were to put these in proper perspective, it would look like this, Your Honor: You'd have Vagisil sales of over a billion dollars and we've got everybody else. And that is truly significant and it shows why these third-party marks have no marketplace

recognition and really should be disregarded.

So in the end, though, we don't have to -- we don't have to guess because we studied this. We surveyed this, we tested this empirically. In Mr. Poret's confusion survey, not one person mentioned these names, not one. And they were shown two different marks and asked if they confused that with anybody else, didn't mention one.

In the fame survey, less than 2 percent of the recognition were these Vagi marks. One of them is Vagistat. So we've proven empirically that these are irrelevant, and they do not excuse Wolff's infringement here, nor do they denigrate the tremendous strength of the Vagisil trademark.

Now, Judge, you said in the trial at one point that it makes no sense to require a company to spend money on trademark lawyers to go after every third party, and it pains me to admit that that is the reality that is. Companies should not have to spend money on trademark lawyers to go after insignificant minor uses like this. Vagisil is there for a very strong mark.

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Then we go to the next factor, similarity of the marks, and there's a couple key concepts here: First, where goods are identical, like we have here, less similarity is required. Second, the greater the strength of a mark, less similarity is required. Third, and this is from Seacret Spa, this Court explained similarity should not be evaluated side by side, but by considering the marks in light of consumers' fallible memories. And fourth, the marks must be considered in their entireties and not dissect it.

And so when we look at it that way, Vagisil and
Vagisan come very close, almost as close as you can get. It's
two letters off. And if a strong mark like Vagisil, if that
fame of that strong mark does not extend to something like
Vagisan, it's going to be given virtually no scope of
protection, and that's not what the trademark law says should
happen. The trademark law says strong marks should be
entitled to strong protection.

Now, Wolff knows, has admitted that these marks are similar, and we know this from the UK opposition. And if Your Honor lets the foreign uses in, the UK opposition was one where Wolff said that Vagisil and Vagisan are too similar.

THE COURT: Who said that?

MR. RETTEW: Wolff did when they opposed the Vagisil trademark in the UK. If that evidence comes in, you saw the -- and you saw the opposition, Your Honor, we showed the

1 | language. They said the marks are similar. Now, Wolff -- I

2 mean, Combe has never backtracked from that. Combe agrees.

3 | In every jurisdiction, Combe has said that Vagisil and Vagisan

are similar. They have not taken inconsistent positions like

5 Wolff.

And they are similar.

The next factor, Your Honor, is the goods. The party's goods overlap and we've got the goods, again, are defined by the trademark application. And you can see what they have in the application is covered by Combe's actual use. Also, the factors of the party's facilities and advertising are presumed identical, and that is, again, from the Seacret Spa case where Judge Cacheris explained that if you have no limitations in a trademark application, it is to cover all different types of uses.

Purchaser care is something else that came up in this trial. It's not one of the factors that the Fourth Circuit considers independently, but it is something that Your Honor can consider in weighing the factors and the equities of this case. And the parties agree on something, that intimate health is an embarrassing topic, and I've put Ms. Thevessen's testimony on this. And she also agreed and admitted that women want to purchase these products, products like Vagisan, quickly, without being seen.

And so why is that relevant? It's relevant because

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people are not going to sit there at the shelves and spend a lot of time deliberating. They're going to grab the product and they're going to go, and that means they're going to be more apt to be confused, especially products like these that are not high priced products.

And so while it does treat a medical issue, it is still something that people will grab quickly and are very easily to be confused, especially since these products are promoted by word of mouth, which Ms. Thevessen from Wolff admitted.

Next issue is intent. And we talked about that a little bit at trial. This is a factor that this Court has explained in the registrability context should not be afforded significant weight. So we're not arguing that there was bad faith here, but it really, really doesn't matter, nor does it require that we have actual confusion. Not required, but we went ahead and we did a survey, and we used the very conservative Eveready methodology.

So people were shown Vagisan and the only way they were confused is if they thought of Vagisil on their own.

They had to come up with that on their own. And so it's very significant that they got 37 percent of people were confused.

Then we ran a control using Vagipur, and that was used carefully to determine how many people confused the marks irrespective of the shared use of Vagi. And it got a result

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of 18 percent, that is 19 percent confusion, which is more than the amounts that are required in the Fourth Circuit. The Sara Lee case said it was sufficient to have 10 to 12 percent.

So Wolff, without its own survey, is left to attack Combe's survey and those attacks fall flat. The first thing, they say we should have used an actual product and that ignores the issue at hand. As I talked about earlier, under Seacret Spa, that would be improper. And in Seacret Spa, the Court said -- the Court actually criticized an expert for, I quote, "his reliance on marketplace usage."

Now, it wasn't a survey in that case. It was an expert report talking about what's happening in the marketplace. So it was not a survey. But what is important is: The Court said an expert shouldn't rely upon actual marketplace use in a 1071 proceeding like this. And that's why it would be entirely inappropriate to have used packaging.

Now, it also would be inappropriate to have used packaging in a survey because you've got designs there, you've got Dr. Wolff. So what you would be testing is matters extraneous to the trademark application, and that's why it would be irrelevant, and that's why this design that we did was perfectly the right one to do.

Now, Wolff, like it does with the foreign trademark issue, engages in some double speak here. Before Your Honor, at this very podium, at the motion to dismiss stage, Wolff

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told you it is impossible to do a survey in this case because they don't have products here. They said that in the motion to dismiss.

Now they say, well, you -- yes, you could have done a survey and you should have used foreign packaging that is not sold by Wolff in the United States.

Well, if that were the case, they should have done a survey. They should have, but they didn't. And they had an expert who has done many, many, many surveys, but he didn't do one.

So he criticizes the survey. He says Vagipur is too foreign sounding. There's no valid evidence of this. Not a single person in that survey said that. There were 200 people in the control group who were given 600 opportunities through open-ended questions to say that Vagipur is a foreign mark. Not one did. And Dr. Simonson's suggestion that Vagistan would be appropriate is absurd, with all due respect, because Pakistan is a pretty well-known place. So that just destroys his theory right there and then.

Also, this is not a valid criticism because the Patent and Trademark Office, when they were looking at the Vagisan mark, they thought it was a foreign mark. They thought it was a foreign word. They said to Wolff, you need to tell us the significance of this mark, and you also have to tell us if it's a foreign word that can be translated.

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So the Patent and Trademark Office thought this was a foreign word. Under that, on that basis alone, the fact that Vagipur could be considered a foreign sounding mark, which I don't think it is, is certainly enough to show that this was a proper control.

Now, Wolff also says that Vagipur is not close enough to Vagisan. Well, any closer, it would be infringing.

And if you have an infringing control, that's not testing noise. That's not pulling out noise. It's just adding to the confusion, as Mr. Poret explained.

Now, the irony here, Your Honor, is Mr. Poret could have gotten away with using a very different control. He could have used one of the marks that Wolff was considering when it was picking Vagisan. It could have used FloriSan, it could have used Sanolakt or any of these other Vagi marks. But he didn't. He used a Vagi formative mark to pull out confusion and to test whether or not Vagi was causing the confusion here.

If he used one of these other controls, his numbers would have been perhaps double than what he had -- or not double, but it would have been significantly higher. But we do know that Vagipur was a good control because it got 18 percent noise. And as Mr. Poret explained, when you get 18 percent noise in a survey, it's doing something. That control is doing its job.

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Now, to leave no stone unturned, once again, what we did was we recalculated the numbers based upon the way that Wolff says they should be recalculated. And when we recalculated them by looking at the answers people gave, Mr. Poret got numbers of 23.5 percent and 21.5 percent.

So no matter how you slice it, with his control or with this alternate counting method, he got very similar results. It shows that this is a scientifically valid study that did ferret out -- that got rid of noise and measured confusion accurately.

So to sum up, Your Honor, these are the factors.

These are the likelihood of confusion factors that have to be considered. And when we look at it, we've got distinctiveness. Well, Vagisil is inherently distinctive, and in the marketplace, which as Your Honor noted is most important, it's incredibly strong. One of the strongest marks in its category with 90 percent brand recognition.

The marks are similar. They have the same number of letters. They start with Vagi, plus "S," plus a vowel, plus a consonant. They look alike and they sound alike, Vagisil and Vagisan. Very easy to confuse these, especially when we look at the fact that this is a trademark application that covers every permutation and variation of that mark, which as we showed in the earlier slides, comes way too close to Vagisil.

Similarity to goods or services, they're identical.

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The facilities employed by the parties, also identical, because there's no limitation in their trademark application, and that's from Seacret Spa. Similarity of the advertising, presumed identical under Seacret Spa. Their intent, well, we don't have anything on intent, but the Court has said -- this

Actual confusion, well, there's no evidence from consumers because they haven't come into the market yet. And as Ms. Thevessen admitted, there can't be any confusion when they're not here. But we do have a robust survey that does show significant confusion measured several different ways.

So based on all of this evidence, Your Honor, the TTAB's decision simply cannot stand. Thank you.

THE COURT: Mr. Panko.

Court has said it is rarely relevant.

CLOSING STATEMENT

MR. PANKO: Your Honor, the evidence establishes that the TTAB's decision was correct, and that there is no likelihood of confusion between the trademarks Vagisan and Vagisil. Now, the reason that there is no likelihood of confusion, Your Honor, is because when the evidence as applied to the Fourth Circuit's likelihood of confusion factors, it weighs overwhelmingly in Dr. Wolff's favor.

At least five of the confusion factors weigh heavily in Wolff's favor: The conceptual weakness of the trademark

Vagisan -- of the trademark Vagisil, the dissimilarity of the

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parties' marks, the high degree of consumer care used to buy these products, Wolff's good faith and the lack of actual confusion, including the lack of any valid survey evidence.

First, Your Honor, with regard to conceptual weakness, the evidence shows that when Combe adopted the trademark Vagisil back in 1973, the prefix Vagi was already registered by a multitude of companies in connection with vaginal care products. Registered marks at that time already included Vagisec, Vagilac and many others.

So the Vagi prefix was already weak and dilute for products of this nature at the time that Combe adopted it.

Combe then ensued to compound that problem in the years that followed by acquiescing in the widespread third-party use and registration of marks that contained the Vagi prefix in connection with vaginal care products.

Now, Combe argues today that its acquiescence in those third-party marks shouldn't matter, but that argument is wrong as a matter of law. As a matter of law, what you have when you have a multitude of marks with a similar element like this is what's known as a crowded field. And what that means is that consumerists have become conditioned between -- conditioned to distinguishing between these marks by looking not at the descriptive prefix, but at the suffix. They know to look at the suffix of the mark in order to distinguish them.

Now, Your Honor, on your screen will be displayed an

2 image illustrating the crowded field of Vagi prefix marks.

3 THE COURT: Where have I seen this before? Go

ahead.

MR. PANKO: And as you can see, Your Honor, the
crowded field includes marks like Vagi-Soothe, Vagi-Clear,
Vagifirm, Vagitone and many others. And for over 30 years,
the crowded field also included the mark "Vagistat," a highly
successful product that was sold by Novartis and Pfizer in the

same stores as Vagisil, including Rite Aid.

Now, in addition, prominent among these third-party marks, is the mark Vagicaine, which has, likewise, been sold by major retailers, Rite Aid, CVS, Target, and Walmart for many years. And not only have the Vagicaine products been sold, but they've sold -- been sold right next to Vagisil on store shelves.

So, again, Your Honor, the effect of these third-party uses is to show that consumers understand that when they're looking for vaginal care products, they need to look at the suffix of the marks, rather than the prefix to distinguish them. And because of that, Your Honor, because of this crowded field, there's no reason why Vagisan can't coexist with Vagisil just like Vagi-Soothe, Vagistat, Vagi-Sitz, Vagicaine and all these others have coexisted with it.

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Now, Your Honor, over the years, courts have repeatedly considered descriptive prefix cases just like this one, and courts have repeatedly ruled exactly how we're asking the Court to rule, and the way the TTAB ruled. And one example of that, Your Honor, was the Water Pik versus

Med-Systems case from the Tenth Circuit.

And that case involved, just like this one, a descriptive prefix. There, the descriptive prefix was "sinu" for sinus-related products, and the marks there were SinuCleanse and SinuSense. And the Court ruled that there was no likelihood of confusion because --

THE COURT: Say that again, please, sir.

MR. PANKO: It was SinuSense and SinuCleanse. So both had the descriptive prefix "sinu" to denote sinus-related products. The Court said there was no likelihood of confusion, because the prefix "sinu" was weak and descriptive for sinus-related products as demonstrated by the existence of third-party uses and registrations of various marks containing the sinu prefix.

A similar case was the Wooster Brush v. Prager Brush case from the TTAB. The marks there were Poly-Flo and PolyPro. The descriptive prefix there was "poly," which denoted paint brushes made of polyester. Again, the TTAB there said the descriptive prefix "poly" was weak and descriptive for products of that type as shown by third-party

uses and registration.

Many other cases have reached the same conclusion.

Alltel, it's an Alabama district court case, said that the suffix "tel" was in widespread use for telecommunications services, and therefore, Alltel and Aktel could coexist.

The same reasoning of all those cases applies with equal force here, Your Honor. These third-party marks in evidence show that the mark Vagisil is conceptually extremely weak and that other Vagi prefix marks can and do coexist with it.

Combe now argues that the commercial strength of its Vagisil mark overcomes all of these third-party uses and registrations. But, Your Honor, that argument is wrong. And the argument is wrong because there are two aspects of the inquiry that looks — that examines the strength of a plaintiff's mark.

One inquiry is the commercial strength of the mark. The other inquiry is the conceptual strength of the mark. And when you have a mark like Vagisil that's conceptually weak and has become as diluted by third-party uses as that one has, commercial success alone can't overcome that. And a good case illustrating this point, Your Honor, is the CareFirst case from the Fourth Circuit.

In that case, the plaintiff's mark was "CareFirst," which was part of the Blue Cross Blue Shield brand. And

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there, just like here, the plaintiff introduced evidence of millions of dollars in sales in advertising figures in an effort to demonstrate the commercial success of its mark. The Court said that's not enough to show strength or fame of the mark in light of widespread third-party use and registration

of the words "care" and "first" in the healthcare field.

And the CareFirst court also emphasized, in reaching its decision, that, quote, "A strong mark is one that is rarely used by others." Again, that same reasoning applies here. The mark Vagisil can't be considered strong or famous given the widespread use of the prefix Vagi by others.

Now, Combe tries to discredit the widespread third-party use and registration evidence, but all of its arguments should be rejected.

First, Your Honor, the private label Vagicaine products are just as relevant as all of the other Vagi prefix marks. Just like all those marks, the presence of these products, particularly in nationwide chains, shows the descriptive nature of the Vagi prefix and shows that consumers have been exposed to Vagi prefix marks over the years.

Second, the fact that some of the third-party Vagi prefix marks haven't achieved high sales is irrelevant. And this is what the federal circuit said in the *Juice Generation* case where the TTAB in that proceeding originally ruled exactly as Combe is arguing. The TTAB originally said, "When

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you're looking at third-party use, you need to consider sales figures and advertising figures, otherwise, you don't consider those."

The Federal Circuit said that's wrong. When you have a volume of third-party uses and registrations that's significant, the fact that some of them don't have significant sales yet doesn't matter. It's the cumulative effect of all of those third-party marks and registrations over the years that matters. And so that's what *Juice Generation* said and that's the reasoning that should apply here.

And the number is significant here. There are at least currently 17 third-party uses of Vagi prefix marks and 16 registrations of Vagi prefix marks. Over the years, there have been many others. The stipulated evidence includes at least 22 examples of registrations that have since expired, but existed prior to Combe's adoption, and some later, for Vagi prefix marks.

Now, the second factor that the Fourth Circuit considers, the similarity of the marks also weighs heavily in Dr. Wolff's favor. What the Fourth Circuit looks at are sight, sound and meaning. All three of those aspects favor Wolff.

In sight, "san" is not similar to "sil." The record also shows that numerous Vagi followed by "S" marks have coexisted with Vagisil, Vagistat and Vagi-Soothe. So there's

1 | no reason why Vagisan can't also coexist with Vagisil.

In sound, san and sil sound nothing alike as the TTAB correctly found. And in meaning, san refers -- is the Latin term for health, as Ms. Thevessen testified, which has a much different connotation than sil.

Now, in conducting a comparison of the marks, the similarity of the marks, in the Fourth Circuit, Courts followed the Pizzeria Uno factors, which examine the marketplace use of the respective marks. So the Court should consider the Dr. Wolff packaging that's available in the U.S. on Amazon.com.

But even if the Court doesn't do that and follows the approach used by the TTAB, the outcome is the same. If the Court takes the approach espoused by TTAB, the Court will look at the standard character application for Vagisan and will presume that the mark could be displayed in the same stylization as Vagisil.

That doesn't change the outcome because -- many third parties are, in fact, using the same or very similar stylization as Vagisil. Now, Vagi-Soothe, Vagicaine, many other products use a similar sans serif font. There's nothing particularly distinctive about the Vagisil font and many third parties are using it. So even if the Court uses that analysis, the outcome is the same.

Third, the factor examining the degree of purchaser

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care used to buy these products also weighs heavily in Wolff's favor because the record shows that vaginal care products like these are purchased with a great deal of care.

Now, the evidence shows that both parties have used doctors as part of their marketing to promote their products, and both parties go to great length to provide guidance on the proper use of their products, including on their websites and through other channels.

Now, for this appeal, Combe has invented a new theory that these products are so-called grab-and-go products that are not purchased with care.

Combe's new theory directly contradicts the evidence in this case, including Combe's own admission at trial in the TTAB proceeding. During that trial, Combe's own witness, Yolanda Payne, admitted that these products are, in fact, purchased with care and this is what she said:

"Question: Would you agree with me, Ms. Payne, that women are careful in treating their own health, in particular, intimate parts of their body?

"Answer: For the most part, most women, yes.

"Question: So would you agree with me that women

would, as an extension of that, be careful in the selection of what products they would use to treat a health issue, particularly one that is related to intimate part of their body?

"Answer: Yes."

So, Your Honor, the confusion factor examining the degree of purchaser care also weighs heavily in Wolff's favor.

Next, Your Honor, the factors considering good faith and lack of actual confusion clearly favor Wolff. Wolff filed this application in good faith to expand a developed brand, as Ms. Thevessen testified. It is a brand that's been used for 20 years. And as explained by Ms. Thevessen, Wolff has no desire whatsoever to trade on any good will that Combe may have in the Vagisil mark.

In addition, the lack of actual confusion factor favors Wolff because there is no such evidence in this case, despite Vagisan being available in the United States on Amazon.com since at least 2016, which is what the TTAB records shows.

Now, Your Honor, Combe points to how Poret's survey is to try to overcome the weaknesses in its case, but the Poret surveys don't help Combe because they're defective and entitled to no weight.

The first major flaw in both of Mr. Poret's surveys is that they both used an improper control that artificially inflated the response rates to favor Combe. As explained by Dr. Simonson, the purpose of a control in a survey is to count for and subtract from the survey rate, error or noise. And to be valid, a control has to meet two tests.

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First, it has to be plausible; and second, it has to share as many characteristics as possible with the defendant's mark except for the characteristic whose influence is being tested. So the characteristic whose influence is being tested in this case is the suffix, "san." Mr. Poret's controls failed both of these tests.

First, the control from the fame survey, Vagizox, isn't plausible because it's completely different than Vagisan or any other mark on the market, most of which have a suffix with a positive connotation, like soothe or tone or clear. Zox has a negative connotation referring to toxin or oxidation, which is undesirable for a vaginal care product. The control Vagipur fails for similar reasons. It's not close enough to Vagisan. What Mr. Poret should have done is used a suffix that removes the "S" from the suffix, but keeps the a-n. This would have been consistent with survey science and the case law because it would have been close enough to the mark being tested, Vagisan, but would have removed a portion from it, the "S."

Now, Your Honor, in the -- Mr. Poret has had surveys given no weight for similar problems with controls. One example of this is the *Ducks Unlimited* case from the western district of Tennessee. And there, the Court gave no weight to Mr. Poret's confusion survey because of a control issue. Just like here, the control that Mr. Poret used in that case wasn't

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similar enough to the defendant's mark. The two marks involved there were duck head logos, but the duck head control that Mr. Poret chose was not similar enough to the defendant's actual duck logo, and thus, the Court gave the survey no weight.

The same flaw exist here and for that same reason, Mr. Poret's confusion survey here should be given no weight.

The second major defect in Mr. Poret's confusion survey is his overcounting of responses to the why question in the matter that skewed the results in Combe's favor. And courts emphasized that the answers to the why question in a confusion survey are critical. You only count answers to the why question as indicative of confusion if they clearly show confusion.

And this Court has recognized that principal in the case Teaching Company Partnership v. Unapix Entertainment which is a Judge Lee decision from the year 2000. And in that case, the court, in reviewing a survey, said, quote, "Often an examination of the respondent's verbatim responses to the why question are the most illuminating and probative part of a survey, for they provide a window into consumer thought processes in a way that mere statistical data cannot."

The Court went on to say that the experts' recalculation of the responses in that case was defective because it gave equal weight to reasons which clearly demonstrated actionable

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confusion with responses that have nothing to do with anything. For example, both parties using a cut-out coupon in an ad or an 800-number.

Here, Mr. Poret, likewise, improperly included many responses in his calculation that were not indicative of confusion, and this greatly and inaccurately inflated the net confusion rate in Combe's favor. So answers that Mr. Poret improperly included, in response to the why question, were things like: Just sounds right, the V-a-g-i in Vagisan, both start with Vagi. Those answers and many others simply don't reflect confusion, and thus, they shouldn't have been counted. Now, if Mr. Poret had correctly removed those responses from his survey tally, this would have reduced the net confusion rate to 10 or 11 percent, Your Honor, which is not probative of confusion.

The third major defect in Mr. Poret's confusion survey was his failure to use a proper test stimulus, which should have been the actual marketplace package of Vagisan, which is available on Amazon.com. It's true that in the TTAB case, using an index card stimulus has, in some cases, been deemed appropriate. But that's not proper, Your Honor, once you appeal to district court and the court is considering actual marketplace use under the Pizzeria Uno factors.

Now, one example of this, Your Honor, was the Victoria's Secret case from the southern district of New York,

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which was a 1071(b) case only. There was not infringement claim there, and there, the Court considered a survey that was done by an expert, Jerry Ford, which did look at a marketplace stimulus.

And the Seacret Spa case, which Combe relies on is distinguishable. There was no survey in that case,

Your Honor. The expert there did consider marketplace use,
which the Court said should be given no weight, but there was no survey there.

So, Your Honor, the result of all three of these flaws is that Mr. Poret's confusion survey is unreliable and should be given no weight. But, Your Honor, even if the Court does decide to give Mr. Poret's confusion survey some weight, this still isn't enough to tip the scales in Combe's favor, because even under the best possible scenario for Combe, the net confusion rate is still only 19 percent. And courts have said that any net confusion rate under 20 percent, courts regularly give such a rate -- little weight in the likelihood of confusion analysis.

And, for example, the *Bruce Lee* case from the southern district of New York said figures below 20 percent become problematic. If you have a figure below 20 percent, the survey evidence just becomes part of the overall mix. And here, it can't outweigh the balance of the likelihood of confusion in Wolff's favor.

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And, Your Honor, if the correct percentages applied,

11 -- which should be 10 or 11 percent, that's clearly not
enough to show confusion and is not probative of confusion.

And, for example, the *Georgia-Pacific* case, cited in our
conclusions of law, said that an 11.4 percent figure was too
low to be given any weight.

So in conclusion, Your Honor, because the likelihood of confusion factors here weigh overwhelmingly in Dr. Wolff's favor, we respectfully request that the TTAB's decision be affirmed. Thank you.

THE COURT: All right. I actually don't affirm a decision. I actually render a decision and it either agrees with it or not. I don't really affirm it, because it's de novo as you both agree.

Thank you. Illuminating arguments. I was glad to see that you both focussed on Pizzeria Uno factors. You've ticked them off one at the time, gave me your views on each one. Your divergence on foreign evidence was clear, and I'll have to wrestle with that issue, as was your divergence on whether in a survey in a 1071 case without infringement, whether you should use the trade dress that you know about or just what's on the registration. That's another issue, which I will have to deal with.

But all in all, your findings of fact and conclusions of law are pretty consistent with what you've said

-Combe v. Wolff-460 1 here today. I think you mentioned some more authority today 2 than you had in your conclusions of law. 3 And in any event, it's been helpful. Thank you for 4 your arguments. I hope you feel as though you have been fully heard. I think you have. And I will now have to undertake 5 the task of deciding whether or not the plaintiff has carried 6 7 its burden of showing that the mark shouldn't be -- should be canceled in effect, because that's your remedy; am I right? 8 9 MR. PANKO: That's right, Your Honor. THE COURT: Thank you for your argument. I'll take 10 11 the matter under advisement and decide it. 12 What about all of this? We're not going to keep this. I know what's been admitted. I think what I will do is 13 we will be careful to look at what has been admitted. At some 14 15 point in the not distant future, you'll receive a call from 16 the Clerk's office saying -- asking you to come and carry away 17 your exhibits. We won't need -- we will, of course, keep 18 exhibits that were admitted and -- because they will be part 19 of the permanent court record. 20 All right. You adhered to your timing pretty closely for which I thank you. Court stands in recess. 21 22 23 (Proceedings adjourned at 3:35 p.m.) 2.4 25

1 CERTIFICATE OF REPORTER 2 3 I, Tonia Harris, an Official Court Reporter for 4 the Eastern District of Virginia, do hereby certify that I 5 reported by machine shorthand, in my official capacity, the proceedings had and testimony adduced upon the Bench Trial 6 7 in the case of the COMBE INCORPORATED versus DR. AUGUST 8 WOLFF GMBH & CO. KG ARZNEIMITTEL, Civil Action No. 1:17-CV-935, in said court on the 7th day of December, 9 10 2018. I further certify that the foregoing 41 pages 11 12 constitute the official transcript of said proceedings, as taken from my machine shorthand notes, my computer realtime 13 14 display, together with the backup tape recording of said 15 proceedings to the best of my ability. 16 In witness whereof, I have hereto subscribed my 17 name, this December 11, 2018. 18 19 20 21 Tonia M. Harris, 22 Official Court Reporter 23 24

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